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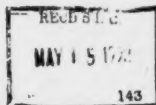
Q-35215

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Eg-2230

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[x] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended March 31, 1992

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from.....to.....

Commission file number 0-15324EYE TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware(State or other jurisdiction of
incorporation or organization)52-1402131(I.R.S.) Employer
Identification No.)1983 Sloan PlaceSt. Paul, Minnesota

(Address of principal executive offices)

55117

(Zip Code)

Registrant's telephone number, including area code (612) 774-9060Not Applicable(Former name, former address and former fiscal year, if changed since
last report.)Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the Securities
Exchange Act of 1934 during the preceding 12 months (or for such
shorter period that the registrant was required to file such
reports), and (2) has been subject to such filing requirements for
the past 90 days.Yes X No _____Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practicable date:
24,791,032 shares of Common Stock, \$.01 par value, as of
May 14, 1992.BEST COPY
AVAILABLE

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EYE TECHNOLOGY, INC. AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 1992

PART 1. FINANCIAL INFORMATION

The financial statements included herein have been prepared by Eye Technology, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information normally included in the financial statements prepared in accordance with generally accepted accounting principles has been omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that the financial statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 1991, as filed with the Securities and Exchange Commission.

Eye Technology, Inc.

CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992	December 31, 1991
	(Unaudited)	
Current Assets:		
Cash	\$ 12,971	\$ 159,782
Accounts receivable, net of allowance for doubtful accounts of \$147,000 and \$156,000	816,507	662,683
Inventory (Note 2)	1,008,386	1,048,439
Prepaid expenses and other	60,321	35,929
Total Current Assets	1,898,185	1,906,833
Property and Equipment, at cost:		
Machinery and equipment	635,063	616,763
Furniture and fixtures	213,670	210,040
Leasehold improvements	39,838	39,838
	888,571	866,641
Less accumulated depreciation and amortization	(607,433)	(588,744)
Total Property and Equipment	281,138	277,897
Other Assets:		
Long-term notes receivable	205,717	197,171
Other	49,666	27,308
Total Other Assets	255,383	224,479
	\$2,434,706	\$2,409,209

The accompanying notes are an integral part of these consolidated balance sheets.

Eye Technology, Inc.

CONSOLIDATED BALANCE SHEETS

	March 31, 1992	December 31, 1991
LIABILITIES AND STOCKHOLDERS' DEFICIT		
	(Unaudited)	
Current Liabilities:		
Notes payable	\$ 104,300	\$ 110,033
Current portion of long-term debt	117,251	109,877
Current portion of debentures payable (Note 3)	25,000	60,000
Accounts payable	333,624	357,850
Accrued liabilities:		
Professional	273,098	263,334
Compensation	286,651	287,135
Commissions	269,748	298,509
Other	188,942	151,294
Deferred revenue	106,360	174,246
Total Current Liabilities	1,704,974	1,812,278
Long-Term Debt, net of current portion shown above	746,212	898,576
Notes Payable to Related Parties	520,069	630,578
10% Debenture Payable (Note 3)	25,000	-
Stockholders' Deficit:		
Common stock, \$.01 par value- 35,000,000 shares authorized 24,765,084 and 23,583,684 issued and outstanding	247,910	235,838
Additional paid-in capital	7,893,229	7,621,384
Deferred compensation	(31,458)	(35,000)
Accumulated deficit	(8,671,230)	(8,754,445)
Total Stockholders' Deficit	(561,549)	(932,223)
	\$2,434,706	\$2,409,209

The accompanying notes are an integral part of these consolidated financial statements.

Eye Technology, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Net Sales	\$ 1,579,267	\$ 950,756
Cost of Goods Sold	426,427	237,140
Gross Profit	1,152,840	713,616
Operating Expenses:		
Selling and marketing	616,720	348,960
General and administrative	399,551	317,390
Product development	30,321	55,089
	1,046,592	721,439
Income (Loss) from Operations	106,248	(7,823)
Other (Income) Expense:		
Interest expense, net	21,909	25,139
Other	1,124	664
	23,033	25,803
Net Income (Loss)	\$ 83,215	\$ (33,626)
Net Income (Loss) Per Share	\$.00	\$ (.00)
Weighted Average Shares Outstanding	23,842,975	22,376,733

The accompanying notes are an integral part of these consolidated financial statements.

Eye Technology, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

Three Months Ended
March 31,
1992

Three Months Ended
March 31,
1991

Cash Flows from Operating Activities:	\$	83,215	\$	(33,626)
Net Income (Loss)				
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization		26,873		27,088
Change in current operating items:				
Accounts receivable		(153,824)		64,493
Inventory		40,053		(39,202)
Prepaid and other assets		(24,392)		(2,430)
Accounts payable and accrued liabilities		31,434		(68,403)
Deferred revenue		(67,886)		(5,153)
Net Cash Provided (Used) by Operating Activities		(64,527)		(57,233)
Cash Flows from Investing Activities:		(21,930)		-
Capital expenditures		(27,000)		-
Change in other assets		(8,546)		(7,442)
Issuance of notes receivable				
Net Cash Provided (Used) by Investing Activities		(57,476)		(7,442)
Cash Flows from Financing Activities:				
Proceeds from issuance of common stock		-		10,000
Proceeds from borrowings		68,300		-
Repayment of debt		(93,108)		(4,003)
Net Cash Provided (Used) by Financing Activities		(24,808)		5,997
Increase (Decrease) in Cash		(146,811)		(58,678)
Cash, at beginning of period		159,782		62,364
Cash, at end of period	\$	12,971	\$	3,686
Cash was disbursed for:	\$	25,451	\$	21,353
Interest				

The accompanying notes are an integral part of these consolidated financial statements.

EYE TECHNOLOGY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of results for the interim period. The Company has consistently followed the accounting policies set forth in the notes to financial statements dated December 31, 1991.

The results of operations for the three months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

NOTE 2

Inventory is stated at the lower of cost (first-in, first-out) or market. Inventory includes materials, labor, and manufacturing overhead and is summarized as follows:

	March 31, 1992	December 31, 1991
Raw materials	\$ 22,105	\$ 25,261
Work in process	229,258	236,948
Finished goods	<u>757,023</u>	<u>786,230</u>
	\$ 1,008,386	\$ 1,048,439

NOTE 3

In February 1992, the Company raised \$50,000 through the issuance of a 10% debenture convertible into shares of the Company's common stock at an exchange price of \$.25 per share. Interest and principal on the debenture are payable quarterly and the debenture matures in February 1994.

NOTE 4

The Company had the following non-cash transactions during the three month period ended March 31, 1992:

Issuance of common stock in satisfaction of debt	\$ 245,587
Issuance of common stock in relief of accrued liabilities	6,250
Present value of capital lease payment to purchase equipment	18,300

Management's Discussion and Analysis of Financial Condition and Results of Operation

Results of Operations

Net sales for the quarter ended March 31, 1992 were \$1,579,267, an increase of \$628,511 (66%) over sales of \$950,756 for the quarter ended March 31, 1991. In the quarter ended March 31, 1992, 86% of the Company's sales were in the domestic market and 14% were in the international market. This compares to a market mix of 89% domestic sales and 11% international sales for the quarter ended March 31, 1991.

Sales to domestic customers during the first three months of 1992 increased 57% over sales to domestic customers for the first three months of 1991, despite an 11% decrease in the average selling price. The Company attributes its increase in unit sales to increased product recognition and acceptance in the marketplace brought about by continued expansion of the Company's sales force and the existence of a premarket approved product line which includes a series of lenses for small incision surgery. Since March 1991, the Company's sales coverage in the domestic market has increased from 25% to 35%.

Sales to international customers during the quarter ended March 31, 1992 increased 17% over the quarter ended March 31, 1991. The increase in international sales was due to the addition of several new distributors in mid 1991 and an increase in sales from existing distributors. During the first quarter of 1992, the Company also generated incremental sales from a manufacturing and sales agreement with a foreign customer.

Sales and marketing expenses as a percentage of net sales increased two percent compared to the first quarter of 1991. The increase was directly related to costs incurred in expanding the Company's domestic sales force. General and administrative expenses for the quarter ended March 31, 1992 increased eight percent when compared to the first three months of 1991 due primarily to activities related to the increased sales volume. Product development costs for the quarter ended March 31, 1992 decreased by 45% when compared to the quarter ended March 31, 1991 due to completion of the clinical studies performed on the Company's existing product line.

Liquidity and Capital Resources

Cash flows from product sales were not sufficient to cover operating expenses during the quarter ended March 31, 1992. This was largely due to the recording of \$67,886 of revenues that were deferred in prior periods. Management believes, based on recent sales trends, that cash flows from operations will improve over the next few months to a level sufficient to meet operating requirements throughout 1992. During the quarter ended March 31, 1992 the Company raised \$50,000 through the issuance of a 10% debenture which is convertible into shares of the Company's common stock at a conversion price of \$.25 per share.

The Company had a cash balance of \$12,971 at March 31, 1992. This compares to a cash balance of \$159,782 at December 31, 1991. The decrease was a result of the Company repaying the 12% convertible debentures due in January 1992 and other debt totaling \$93,108. The Company's capital expenditures included initial investments in a new telephone system and a new computerized management information system which is designed to handle all accounting, regulatory and inventory functions. These investments will enhance the Company's ability to manage its current and anticipated rate of growth more efficiently and effectively. In addition, the Company invested \$25,000 in new technology that it believes will generate future revenues.

Working capital at March 31, 1992 was \$193,211 compared to working capital at December 31, 1991 of \$94,555, an increase of \$98,656. The increase in working capital between December 31, 1991 and March 31, 1992 was largely due to a 23% percent increase in accounts receivable due to a corresponding increase in sales.

The Company's note payable in the amount of \$700,000 is due April 1993. Management's current projections indicate that there will not be sufficient cash flow from operations to fund this obligation. However, management is currently developing a plan for alternative financing to meet this obligation.

In March 1992 certain long-term obligations were converted to Common Stock at a price of \$.25 per share resulting in a decrease in long-term obligations and an increase in stated and paid-in capital of \$245,587. The conversion of these obligations to common stock coupled with net income of \$83,215 for the quarter ended March 31, 1992 reduced the stockholder's deficit from \$932,223 at December 31, 1991 to a deficit of \$561,549 at March 31, 1992.

PART II. OTHER INFORMATION

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are attached hereto:

- (1). Eye Technology, Inc. Amended 1985 Incentive Stock
Option Plan
- (2). Form of Stock Option Agreement

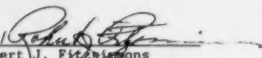
(b). No reports on Form 8-K have been filed during
the period for which this report is filed.

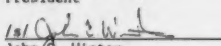
SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused the Report to be signed on its behalf by the undersigned thereunto duly authorized.

EYE TECHNOLOGY, INC.

Date: May 14, 1992

By: 
Robert J. Fitch
President


John C. Winter
Principal Financial Officer

EYE TECHNOLOGY, INC.

1985 INCENTIVE STOCK OPTION PLAN

1. Purpose of the Plan. This Stock Option Plan (herein after called the "Plan") is intended to encourage ownership of stock of Eye Technology, Inc. (hereinafter called the "Corporation") by key employees of the Corporation and its subsidiaries and to provide additional incentive for them to promote the success of the business.

2. Stock Subject to the Plan. There will be reserved for use upon the exercise of options to be granted from time to time under the Plan (hereinafter called "Options") an aggregate of 2,000,000 shares (subject to adjustment as provided in paragraph 12 hereof) of the common stock, \$.01 par value (hereinafter called the "Common Stock"), of the Corporation. The shares reserved for use hereunder may be reserved in whole or in part, as the Board of Directors of the Corporation (hereinafter called the "Board of Directors") shall from time to time determine, from the authorized but unissued shares of the Common Stock or the issued shares of the Common Stock which shall have been reacquired by the Corporation. If an Option shall expire or terminate for any reason without having been exercised in full, the unpurchased shares covered thereby shall (unless the Plan shall have been terminated) be added to the shares otherwise available for Options which may be granted in accordance with the terms of this Plan.

3. Administration of the Plan. The Board of Directors shall appoint a Stock Option Committee (hereinafter called the "Committee"), which shall consist of not less than two members of the Board of Directors each of whom shall be a "disinterested person" as that term is defined in Rule 16b-3(c) of the Securities Exchange Act of 1934, as amended. Subject to the provisions of the Plan, the Committee shall have plenary authority in its discretion to determine the employees of the Corporation and its subsidiaries to whom Options shall be granted, the number of shares to be covered by each of the Options, the time or times at which Options shall be granted, and the exercise price of the shares of Common Stock covered by each Option which price shall not be less than the minimum specified in paragraph 6; to interpret the Plan; and to prescribe, amend and rescind rules and regulations relating to it. The Board of Directors may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee. The Committee shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum. All action of the Committee shall be taken by a majority of its members or by all members if less than three. Any action may be taken by a written instrument signed by a majority of the members (or by all members if less than three) and action so taken shall

be fully as effective as if it had been taken by a vote of a majority of the members at a meeting duly called and held. The Committee may appoint a secretary, may keep minutes of its meetings, and may make such rules and regulations for the conduct of its business as it shall deem advisable, or may act informally and report its actions to the Board of Directors at meetings of the Board of Directors.

4. Employees to whom Options may be granted. Options may be granted at any time or times during the continuance of the Plan to any employee of the Corporation or one or more of its subsidiaries including, without limitation, officers and directors of the Corporation, which employees, in the judgment of the Committee, occupy a key position with the Corporation or its subsidiaries. Subject to the provisions of paragraph 13, no individual shall be granted an Option or Options, first exercisable during any single calendar year, for the purchase or shares of Common Stock having an aggregate fair market value in excess of One Hundred Thousand (\$100,000) Dollars, which value shall be determined at the time of grant of such Option or Options.

5. Factors to be considered in granting Options. In making any determination as to employees to whom Options shall be granted and as to the number of shares to be covered by such Options, the Committee shall take into account the duties of the respective employees, their present and potential contributions to the success of the Corporation, and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.

6. Option Prices. The exercise price of the shares of the Common Stock which shall be covered by each Option shall be determined by the Committee but shall be not less than 100% of the fair market value of the Common Stock at the time of granting the Option; provided however, that if one or more Options are granted to an employee who, at the time of the grant, owns more than ten (10%) percent of the total voting power of all classes of stock of the Corporation, the exercise price shall be not less than 110% of said fair market value. Such fair market value shall be determined by the Committee; provided, however, that if the Common Stock is quoted in the over-the-counter market at the date of grant, the fair market value shall be the mean of the bid and asked prices of the Common Stock quoted by a recognized dealer in the Common Stock at the close of the trading day next preceding the grant of the Option; and further provided that if the Common Stock is then listed on any national exchange, fair market value shall be the mean between the high and low sales price on the date next preceding the grant of the Option on which stock of the Corporation was traded. In the event no active public market exists for the Common Stock, the fair market value of all shares shall be determined in good faith in accordance with the terms of the Plan.

7. Term of Options. The term of each Option shall be five years from the date of granting thereof, but shall be subject to earlier termination as hereinafter provided. In the case of Options granted hereunder to a person who does not own more than ten (10%) percent of the voting power of the shares of Common Stock of the Corporation, the term of such Option may be, but need not be, increased to any integral number of years from six to ten by the Committee in its absolute discretion, but in no case may such term be longer than ten years. In the case of Options granted hereunder to a person who owns more than ten (10%) percent of the voting power of the shares of Common Stock of the Corporation, the period for exercising each Option shall not exceed five (5) years from the date the Option is granted.

8. Exercise of Options. An Option must be held by an optionee and remain unexercised for at least six (6) months from the date of its grant and then may be exercised during the first year from the date of grant as to not more than 25% of the number of shares subject thereto at the date of grant thereof; during the second year from the date of grant as to not more than an additional 25% of the number of shares subject thereto at the date of grant thereof plus the number of shares with respect to which the Option was exercisable, but not exercised theretofore; during the third year from the date of grant as to not more than an additional 25% of the number of shares subject thereto at the date of grant thereof plus the number of shares with respect to which the Option was exercisable, but not exercised theretofore; and during the fourth year from the date of grant or thereafter if the term of said Option is greater than four years, the Option may be exercised at any time and from time to time, within its terms, in whole or in part. The exercise price of the shares as to which an Option shall be exercised shall be paid in full in cash or by check made payable to the Corporation at the time of exercise. Except as provided in paragraph 11 hereof, an Option may not be exercised at any time unless the holder thereof shall have been in the continuous employ of the Corporation or of one or more of its subsidiaries, or of the Corporation and one or more of its subsidiaries, from the date of granting of the Option to the date of its exercise. The holder of an Option shall not have any of the rights of a stockholder with respect to the shares covered by his Option, except when one or more certificates for such shares shall be delivered to him upon the due exercise of the Option.

An optionee wishing to exercise an Option shall give written notice to the Corporation, stating the number of shares with respect to which the Option is being exercised, accompanied by payment in full by cash or certified check for such shares. At such time, an optionee shall also deliver the stock option agreement referred to in paragraph 18 hereof to the Corporation for action by the Corporation to reduce the number of shares to which it applies. Upon such exercise, delivery of a certificate for paid-up non-assessable shares shall be made at the

Corporation's executive offices to the person or persons exercising the Option at such time, during ordinary business hours, or at such time, place and manner as may be agreed upon by the Corporation and the person and persons exercising the Option.

9. Non-transferability of Options. An Option shall not be transferable otherwise than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act or the rules thereunder. The designation of a beneficiary by an employee of the Corporation shall not constitute a transfer. An Option may be exercised, during the lifetime of the employee, only by such employee.

10. Other Terms and Conditions. The Committee shall have the power, subject to the limitations contained herein, to fix any terms and conditions for the grant or exercise of Options under this Plan, except that no action can be taken, without the consent of an optionee, which would prevent the Options issued under this Plan from being Incentive Stock Options under Section 422 of the Code. Nothing contained in this Plan, or in any stock option agreement shall confer upon any optionee any right to continued employment by the Corporation or a subsidiary of the Corporation, nor limit in any way the right of the Corporation or a subsidiary of the Corporation to terminate his employment at any time.

11. Effect of Termination of Employment. Death or Disability.

(a) In the event of the termination of employment of an optionee by reason of either a discharge for cause or voluntary separation on the part of the optionee and without the consent of the Corporation or any subsidiary, any Option or Options theretofore granted to such optionee under this Plan, to the extent not theretofore exercised by him or expired, shall forthwith terminate. Such optionee shall forfeit all rights in any Options not previously exercised.

(b) In the event of the termination of employment of an optionee by the Corporation without cause (other than by reason of death, disability or retirement of the optionee at his Retirement Date), any Option or Options granted to such optionee under this Plan, to the extent not theretofore exercised by him or expired, shall be exercisable within three (3) months after such termination of employment.

(c) In the event of the termination of employment of an optionee by reason of the optionee's retirement at his Retirement Date, any Option or Options granted to him under this Plan and not theretofore exercised by him or expired by him shall be exercisable by him within three (3) months after such

termination. For purposes of this Plan, "Retirement Date" shall mean the date an optionee retires on or after age sixty-five (65).

(d) In the event an optionee shall die while employed by the corporation or any subsidiary, any Option or Options granted to such optionee under this Plan, to the extent not theretofore exercised by him or expired, shall be exercisable by a legatee or legatees of the optionee under his last will, or by his personal representative, within six (6) months after the death of the optionee.

(e) In the event of the termination of employment of an optionee by reason of the optionee's disability, the optionee shall have the right to exercise all Options held by him, to the extent not theretofore exercised by him or expired, and said Options shall be exercisable by him within one (1) year after such termination of employment. The term "disability" shall, for purposes of this Plan, be defined in the same manner as such term as defined in Section 22(e)(3) of the Code.

12. Adjustments Upon Changes in Capitalization. In the event of changes in the outstanding Common Stock of the Corporation by reason of stock dividends in excess of five (5%) percent in any fiscal year of the Corporation, split-ups, spin-offs, recapitalizations, mergers, consolidations, reorganizations, separations, or liquidations, the number of shares of Common Stock then covered by each outstanding Option granted hereunder shall be adjusted as follows. In the event that the number of shares of Common Stock of the Corporation from time to time issued and outstanding are increased, the number of shares of Common Stock then covered by each outstanding Option granted hereunder shall be increased proportionately with no increase in the total exercise price of the shares then so covered, and the number of shares of Common Stock reserved for the purposes of the Plan shall be increased by the same proportion. In the event that the number of shares of Common Stock of the Corporation from time to time issued and outstanding are reduced, the number of shares of Common Stock then covered by each outstanding Option granted hereunder shall be reduced proportionately with no reduction in the total exercise price of the shares then so covered and the number of shares of Common Stock reserved for the purposes of the Plan shall be reduced by the same proportion. The Corporation shall give notice of such adjustments to each optionee. All such adjustments shall be made by the Committee, whose determination shall be final and binding upon the optionee. No fractional shares shall be issued and any fractional shares resulting from the computations pursuant to this section shall be eliminated from the respective Option. No adjustments shall be made for cash dividends or the issuance to stockholders with rights to subscribe to additional Common Stock or other securities.

13. Exercise of Options Upon Occurrence of Certain Corporate Events. In the event of the proposed dissolution or liquidation of the Corporation, or in the event of the proposed sale of all of the stock or substantially all of the assets of the Corporation, the Committee may, in its sole discretion, declare that each Option granted under this Plan shall terminate as of a date to be fixed by the Committee. Adequate notice of the date so fixed shall be given to each optionee and in such notice each optionee shall be afforded the right, for a specified period of time, to exercise his Option or Options as to all or any part of the shares of Common Stock, to the extent not theretofore exercised by him or expired, excluding shares as to which such Option or Options would not otherwise be exercisable.

14. Effectiveness of the Plan. The Plan shall become effective on such date as the Board of Directors shall determine, so long as the voting stockholders of the Corporation shall, by the affirmative vote of a majority in interest, have approved the Plan within 12 months of the adopting the Plan by the Board of Directors.

15. Time of granting Options. Neither anything contained in the Plan or in any resolution adopted or to be adopted by the Board of Directors or the stockholders of the Corporation nor any action taken by the Committee shall constitute the granting of any Option. The granting of an Option shall take place only when a written Option agreement substantially in the form of the Option agreement which is attached hereto shall have been duly executed and delivered by or on behalf of the Corporation and the employee to whom such Option shall be granted.

16. Modification or Amendment of Plan. The Committee may at any time and from time to time modify or amend the Plan (including such form of Stock Option Agreement) in such respects as it shall deem advisable in order that the Options shall be Incentive Stock Options as defined in Section 422 of the Code or to conform to any other change in the law, or in any other respect which shall not change: a) the maximum number of shares as to which Options may be granted under the Plan, b) the Option price for such shares, other than to change the manner of determining the fair market value of shares of the Common Stock for purposes of paragraph 6 hereof to conform with any applicable provisions of the Code or regulations thereunder, c) the periods during which Options may be granted or exercised, d) the provisions relating to the determination of employees to whom Options shall be granted, or e) the provisions relating to adjustments to be made upon changes in capitalization. Any modification or amendment of the Plan shall not, without the consent of an optionee, affect his rights under the stock option agreement theretofore granted to him.

17. Termination of Plan. The Plan shall terminate ten (10) years from the effective date of the Plan or upon a decision by the Board of Directors to terminate the Plan, whichever is earlier. Options may be granted under this Plan at any time and from time to time prior to its termination. Subject to paragraph 13 hereof, any Option outstanding under this Plan at the time of Plan termination shall remain in effect until such Option shall have been exercised or shall have expired.

18. Stock Option Agreement. All Options granted pursuant to the Plan shall be evidenced by a written stock option agreement (the "Agreement") duly executed by the Corporation and the employee to whom the Option has been granted. The Agreement shall be in the form attached hereto as Exhibit A. The terms and conditions of the Agreement are hereby incorporated in the Plan by reference thereto. In the event an employee to whom an Option has been granted hereunder fails to execute and deliver to the Corporation the Agreement the Committee may, at its election, declare the grant of such Option to be null and void, and of no further force and effect, in which event such election shall be communicated to the person to whom such Option has been granted.

19. Expenses of the Plan. All costs and expenses of the adoption and administration of the Plan shall be borne by the Corporation, and none of such expenses shall be charged to any optionee.

20. Withholding Tax. The Corporation shall be entitled, if necessary or desirable, to withhold (or secure payment from the optionee in lieu of withholding) the amount of any withholding or other tax due from the Corporation for any amount payable and/or shares issuable under this Plan, and the Corporation may defer payment or issuance unless indemnified to its satisfaction.

NAME:

EYE TECHNOLOGY, INC.

STOCK OPTION

OPTION AGREEMENT made this ____ day of ____, 19__ between Eye Technology, Inc., a Delaware corporation (hereinafter called the Corporation), and the employee named below, an employee of the Corporation or one or more of its subsidiaries (hereinafter called the Employee).

WHEREAS, the Corporation desires, by affording the Employee an opportunity to purchase ____ shares of its Common Stock, \$.01 par value (hereinafter called the Common Stock), as hereinafter provided, to carry out the purpose of the Incentive Stock Option Plan of the Corporation, adopted July 11, 1985.

WHEREAS, it is the intent of the parties hereto that the Option granted under this Option Agreement qualify as an "Incentive Stock Option" under Section 422 of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other goods and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto have agreed, and do hereby agree as follows:

1. Grant of Option. The Corporation hereby grants to the Employee the right and option (hereinafter called the "Option") to purchase all or any part of an aggregate of ____ shares of the Common Stock (such number being subject to adjustment as provided in paragraph 7 hereof) on the terms and conditions herein set forth.

2. Purchase Price. The purchase price of the shares of the Common Stock covered by the Option shall be \$____ per share.

3. Term of Option. The term of the Option shall be for a period of five years from the date hereof, subject to earlier termination as provided in paragraphs 5 and 6 hereof. This Option may be exercised during the first year from the date of grant as to not more than 25% of the number of shares subject thereto at the date hereof; during the second year from the date of grant as to not more than an additional 25% of the number of shares subject thereto at the date hereof plus the number of shares with respect

to which the Option was exercisable but not exercised theretofore; during the third year from the date of grant as to not more than an additional 25% of the number of shares subject thereto at the date hereof plus the number of shares with respect to which the Option was exercisable but not exercised theretofore; and during the fourth year (and thereafter if the term of this Option is greater than four years) this Option may be exercised at any time and from time to time, within its terms, in whole or in part. The purchase price of the shares as to which the Option shall be exercised shall be paid in full in cash at the times of exercise. Except as provided in paragraphs 5 and 6 hereof, the Option may not be exercised at any time unless the Employee shall have been in the continuous employ of the Corporation or one or more of its subsidiaries, or of the Corporation and one or more of its subsidiaries, from the date hereof to the date of the exercise of the Option.

This Option is issued subject to the condition, and every holder hereof by accepting the same agrees with the Corporation, that this Option has been acquired for the purpose of investment and not with a view to or for sale in connection with any distribution thereof.

The Board of Directors of the Corporation may, in its discretion, require as conditions to the right to exercise this Option that (a) a Registration Statement under the Securities Act of 1933, as amended, shall be in effect and current with respect to the shares issuable upon exercise of this Option, or (b) the Employee (and any other person in whose name, as joint tenant with the Employee, are registered the certificate or certificates representing the shares being purchased on exercise hereof) has given to the Corporation prior to the purchase of any shares pursuant hereto, assurances satisfactory to it that such shares are being purchased for the purpose of investment and not with a view to or for sale in connection with any distribution thereof, including without limitation, a written agreement of the Employee (and any other person in whose name, as joint tenant with the Employee, are registered the certificate or certificates representing the shares being purchased on exercise hereof) that the share will not be transferred unless registered under the Securities Act of 1933, as amended, or unless counsel for the Corporation gives a written opinion that such transfer is permissible under Federal and State law without registration. Unless a Registration Statement shall be in effect as aforesaid, each certificate representing the shares shall be restrictively endorsed as set forth above.

Nothing herein contained shall be deemed to require the Corporation to register, under Federal or any State law, this Option or any shares issued hereunder.

4. Non-transferability. The Option shall not be transferable otherwise than by will or the laws of descent and distribution, and the Option may be exercised, during the lifetime of the Employee, only by the Employee. More particularly (but without limiting the generality of the foregoing), the Option may not be assigned, transferred (except as provided above), pledged, or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment, or similar process upon the Option shall be null and void and without effect.

5. Effect of Termination of Employment, Death or Disability.

(a) In the event of the termination of employment of the Employee by reason of either a discharge for cause, or voluntary separation on the part of the Employee and without the consent of the Corporation or any subsidiary, the Option theretofore granted to such Employee, to the extent not theretofore exercised or expired, shall forthwith terminate. The Employee shall forfeit all rights in any Option not previously exercised.

(b) In the event of the termination of employment of the Employee by the Corporation without cause (other than by reason of death, disability or retirement of the Employee at his Retirement Date), any Option granted to the Employee, to the extent not theretofore exercised by him or expired, shall be exercisable within three (3) months after such termination of employment.

(c) In the event of the termination of employment of the Employee by reason of the Employee's retirement at his Retirement Date, the Option granted to him under this Agreement and not theretofore exercised by him or expired shall be exercisable by him within three (3) months after such termination. For purposes of this Agreement, "Retirement Date" shall mean the date the Employee retires from the Corporation on or after age sixty-five (65).

(d) In the event the Employee shall die while employed by the Corporation or any subsidiary, the Option granted to the Employee under this Agreement, to the extent not theretofore exercised by him or expired, shall be exercisable by a legatee or legatees of the Employee under his last will, or by his personal representative, within one (1) year after the death of the Employee.

(e) In the event of the termination of employment of the Employee by reason of the Employee's "disability", the Employee shall have the right to exercise the Option held by him, to the extent not theretofore exercised by him or expired, within one (1) year after such termination of employment. The term "disability" shall, for purposes of this Agreement, be defined in the same manner as such term is defined in Section 22(e)(3) of the Code.

6. Adjustments Upon Changes in Capitalization. In the event of changes in the outstanding Common Stock of the Corporation by reason of stock dividends in excess of five (5%) percent in any fiscal year of the Corporation, split-ups, spin-offs, recapitalizations, mergers, consolidations, reorganizations, separations, or liquidations, the number of shares of common stock then covered by the Option shall be adjusted as follows. In the event that the number of shares of Common Stock of the Corporation from time to time issued and outstanding are increased, the number of shares of Common Stock then covered by the Option granted under this Agreement shall be increased proportionately with no increase in the total purchase price of the shares then so covered. In the event that the number of shares of Common Stock of the Corporation from time to time issued and outstanding are reduced, the number of shares of Common Stock then covered by the Option granted under this Agreement shall be reduced proportionately with no reduction in the total purchase price of the shares then so covered. The Employee shall be entitled to receive notice of any such adjustments. No fractional shares shall be issued and any fractional shares resulting from computations pursuant to this paragraph shall be eliminated from the respective Option. No adjustments shall be made for cash dividends or the issuance to stockholders with rights to subscribe to additional Common Stock or other securities.

7. Successive Options. Any employee holding two or more options that are partially or wholly exercisable at the same time may exercise said options (to the extent they are then exercisable) in any order the Employee chooses, regardless of the order in which said options were granted.

8. Method of Exercising Option. Subject to the terms and conditions of this Option Agreement, the Option may be exercised by written notice to the Corporation, at 1983 Sloan Place, St. Paul, Minnesota 55117. Such notice shall state the election to exercise the Option and the number of shares in respect of which it is being exercised, and shall be signed by the person or persons so exercising the Option. At that time, this Option Agreement shall be turned in to the Corporation for action by the Corporation to reduce the number of shares to which it applies.

Such notice shall either: (a) be accompanied by payment of the full purchase price of such shares, in which event the Corporation shall deliver a certificate or certificates representing such shares as soon as practicable after notice shall be received; or (b) fix a date (not less than five nor more than ten business days from the date such notice shall be received by the Corporation) for the payment of the full purchase price of such shares against delivery of a certificate or certificates representing such shares. Payment of such purchase price shall, in either case, be made by cash or by check payable to the order of the Corporation. The certificate or certificates for the shares as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option, (or, if the Option shall be exercised by the Employee and if the Employee shall so request in the notice exercising the Option, the certificate or certificates shall be registered in the name of the Employee and another person jointly, with the right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising the Option. In the event the Option shall be exercised, pursuant to paragraph 6 hereof, by any person or persons other than the Employee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option.

9. General. The Corporation shall at all times during the term of the Option reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Option Agreement, shall pay all original issue taxes with respect to the issue of shares pursuant hereto and all other fees and expenses necessarily incurred by the Corporation in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Corporation, shall be applicable thereto. The Corporation makes no representation or warrant that this Option or shares issued pursuant hereto qualify under any Federal or State law for any special tax treatment.

IN WITNESS WHEREOF, the Corporation has caused this Option Agreement to be duly executed by its officer thereunto duly

authorized, and the Employee has hereunto set his hand and seal
all on the day and year first above written.

EYE TECHNOLOGY, INC.

BY: _____
Robert J. Fitzsimmons,
President

Corporate Seal

Attest: _____ (Optionee)

Address:

Samuel P. Sears, Jr.
Secretary